

**AGREEMENT FOR ASSIGNMENT TO
FRIANT WATER AUTHORITY
OF FIRST AMENDED AND RESTATED
MEMORANDUM OF UNDERSTANDING BETWEEN
FRIANT WATER USERS AUTHORITY AND
SAN LUIS & DELTA-MENDOTA WATER AUTHORITY
RELATION TO ALLOCATION, COLLECTION, AND PAYMENT OF
OPERATION, MAINTENANCE & REPLACEMENT COSTS FOR
WATER DELIVERED THROUGH
CERTAIN CENTRAL VALLEY PROJECT FACILITIES**

THIS AGREEMENT FOR ASSIGNMENT TO FRIANT WATER AUTHORITY OF FIRST AMENDED AND RESTATED MEMORANDUM OF UNDERSTANDING BETWEEN FRIANT WATER USERS AUTHORITY AND SAN LUIS & DELTA-MENDOTA WATER AUTHORITY RELATING TO ALLOCATION, COLLECTION, AND PAYMENT OF OPERATION, MAINTENANCE & REPLACEMENT COSTS FOR WATER DELIVERED THROUGH CERTAIN CENTRAL VALLEY PROJECT FACILITIES, made and entered into effective June 30, 2004, by and among the FRIANT WATER USERS AUTHORITY (FWUA), a California joint powers agency; the FRIANT WATER AUTHORITY, a California joint powers agency; and the SAN LUIS & DELTA-MENDOTA WATER AUTHORITY (SLDMWA), a California joint powers agency.

RECITALS

A. The San Luis & Delta-Mendota Water Authority ("SLDMWA") and the Friant Water Users Authority ("FWUA") have entered into that certain First Amended and Restated Memorandum of Understanding Between Friant Water Users Authority and San Luis & Delta-Mendota Water Authority Relating to Allocation, Collection, and Payment of Operation, Maintenance & Replacement Costs for Water Delivered Through Certain Central Valley Project Facilities, made effective as of September 1, 2002 (the "Existing MOU").

B. Effective June 30, 2004, the FWUA, 854 Harvard Avenue, Lindsay, CA 93247, will assign to the Friant Water Authority, 854 Harvard Avenue, Lindsay, CA 93247, all of its right, title and interest in and to that certain "Agreement to Transfer the Operation, Maintenance and Replacement and Certain Financial and Administrative Activities Related to the Friant-Kern Canal and Associated Works, Contract No. 14-06-200-X0354, effective March 1, 1998, as amended February 25, 2003" (the "Friant Transfer Agreement").

C. By virtue of the assignment, the Friant Water Authority has agreed to perform financial and administrative activities heretofore performed by the FWUA under the Friant

Transfer Agreement, including, but not limited to, the FWUA's obligation to apportion among and collect from Friant Division Contractors operation, maintenance and replacement costs incurred by SLDMWA in delivering Settlement Water for which the FWUA is responsible under the terms of the Existing MOU and remitting the same to the SLDMWA, all in accordance with the terms of the MOU.

AGREEMENT

In consideration of the facts recited above and of the representations, covenants and conditions set forth below, the parties agree as follows:

1. The FWUA hereby assigns all of its right, title and interest in the Existing MOU to the Friant Water Authority, and the Friant Water Authority hereby accepts said assignment.
2. The Friant Water Authority specifically acknowledges that by accepting assignment of the Existing MOU, it agrees to assume all of the obligations of the FWUA to apportion among and collect from Friant Division Contractors operation, maintenance and replacement costs incurred by SLDMWA in delivering Settlement Water for which the FWUA is responsible under the terms of the Friant Transfer Agreement and the Existing MOU and to remit the same to the SLDMWA, all in accordance with the terms of the Existing MOU.
3. The Friant Water Authority warrants that it is capable of performing the obligations of the FWUA under the Existing MOU.
4. The Friant Water Authority agrees that there shall be no delay in performance of the FWUA obligations under the Existing MOU as a result of the assignment thereof to the Friant Water Authority.
5. The Friant Water Authority agrees that assignment of the Friant Transfer Agreement and of the Existing MOU to the Friant Water Authority do not constitute a material change in the water supply, operations, use of or access to facilities utilized by the parties, or a change in any other assumption that would provide the basis for renegotiation of the Existing MOU under Section VII. A thereof.
6. The FWUA and the Friant Water Authority hereby agree, jointly and severally, to hold the SLDMWA harmless of and from all liabilities, claims, causes of action, or expenses with respect to the Assignment of the MOU, whether arising or occurring prior to, on, or following the date of this Agreement for Assignment.
7. This Agreement for Assignment does not waive any restriction or requirement in the Existing MOU relating to any further assignment of the Existing MOU.

8. The SLDMWA hereby consents to the assignment of such right, title and interest in the Existing MOU from the FWUA to the Friant Water Authority under the Existing MOU.

9. This Agreement shall take effect only in the event that as of June 30, 2004, both of the following conditions have been met:

A. The Friant Transfer Agreement has been fully assigned to the Friant Water Authority.

B. The SLDMWA and the United States have entered into an Amendment to Agreement to Transfer the Operation, Maintenance, and Replacement and Certain Financial and Administrative Activities Related to the San Luis and Delta-Mendota Canals, Tracy Pumping and O'Neill Pumping/Generating Plant, San Luis Drain and Associated Works, Contract No 8-07-20-X0354 (the "SLDMWA Transfer Agreement Second Amendment") between the SLDMWA and the United States, substituting the Friant Water Authority for the FWUA.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first above written.

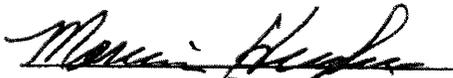
FRIANT WATER USERS AUTHORITY


Kole Upton, Chairman


Marvin Hughes, Secretary

FRIANT WATER AUTHORITY


Chairman


Secretary